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BLM Issues Decision To Magcorp Terminating Right-of-Way

The Great Salt Lake pumps shut down nearly a decade ago and water overflows that once covered thousands of acres in the so-called West Pond have long since dried up. Yet, brines containing magnesium and other minerals continue to flow into the Magnesium Corporation of America's (Magcorp) evaporative solar pond facility located on BLM lands north of Knolls.

The BLM issued a Federal right-of-way to Magcorp for the purpose of water storage and transportation, but has never granted a mineral lease for the mining of subsurface brines.

BLM Salt Lake Field Office Manager Glenn Carpenter has sent a decision letter to Magcorp terminating the right-of-way for the Knolls solar pond facility. The company has 5 days to secure their improvements and must cease all operations at Knolls immediately.

"Obviously, a right-of-way granted for water storage is entirely different from a mineral lease used to permit the extraction of publicly owned minerals. They entail different types of authorizations and different types and amounts of fees used to compensate the public for the use of its' resources," said Carpenter. A mineral lessee must pay royalty to the United States on the minerals they produce.

In 1987, the BLM issued AMAX Magnesium (the predecessor to Magcorp) a right-of-way to construct and operate a system of solar evaporative ponds on 54,000 acres of Federal mud flats lying between the Great Salt Lake and the Bonneville Salt Flats. The development was known at the time as the Knolls Evaporation Pond Project. The right-of-way has allowed the magnesium company to move surface water pumped from the Great Salt Lake into the West Pond, to their series of collection ponds near Knolls via canal. Once concentrated in the Knolls ponds, brines are pumped via pipeline to the company's processing plant along the lakeshore west of Stansbury Island.

The Knolls project was urgently needed by AMAX after their main pond network next to their plant was flooded in 1986 by the rising Great Salt Lake.

The right-of-way granted by the BLM included use of Federal land for ponds, dikes, canals, pipelines, buildings and other facilities necessary to store and transport surface water. A rental use fee of \$1.15 per acre was initially established.

However, even though the Salt Lake pumping project ceased

operation in 1989 and the West Pond has dried up, Magcorp's operation continues today. In fact, the company annually reports mineral production from their Knolls unit to the state of Utah's Division of Oil, Gas and Mining. Magcorp's Knolls operation is also permitted as a mine under State regulations.

According to BLM's Carpenter, it appears that the company is pumping subsurface brines into their evaporation ponds from the canal that was previously used to bring surface waters from the West Pond.

"If so, the interception of mineral-laden ground water from a canal constitutes a mining operation," said Carpenter.

He likened the situation to other mineral leases currently authorized under his jurisdiction.

"Our mineral leasing program on the District encompasses several different types, including mining operations that take potassium from subsurface brines collected in ditches on Federal lands next to the Bonneville Salt Flats. Extraction of brine-borne magnesium would be very similar and fall under the same mineral regulations," said Carpenter.

Publicly owned mineral resources like oil and gas, coal, magnesium, gilsonite, sodium, and numerous other mineral commodities may be leased under the provisions of the Federal Mineral Leasing Act of 1920. Under the Act, companies competitively bid for mineral development rights. Leaseholders normally pay a one-time bonus bid and annual production royalties. Federal mineral royalty rates vary per commodity. They typically range between eight to 12 percent.

Mineral royalties collected from companies operating on BLM lands in Utah average about \$70 million a year. Mineral royalties are shared equally between the Federal government and the State of Utah.

Media inquiries should be directed to Glenn Carpenter at the BLM Salt Lake District Office at 977-4300 after 12:00 noon on April 21, 1998. Maps, photos, and other information will be available at that time.